

Socially Responsible Investing at PCN



With great pleasure, we present this newsletter to you! In this special edition, you will read about how PCN engages in socially responsible investing. Over the past period, we have worked hard to make our investments more sustainable. Of course, the financial return for your pension remains the top priority. At the same time, PCN is committed to contributing to a sustainable future. From now on, we will keep you informed on this topic every year, starting with this newsletter. You can also find all the information on our website. In this issue, you will discover what our participants think about this matter and what PCN has done with the results of the participant survey. Additionally, you will get a glimpse into our future plans as we aim to further enhance the sustainability of our investments. On behalf of the PCN board, I wish you a lot of reading pleasure!

Gerard Bergsma, Board Member - Portfolio Asset Management

Sustainable Investing for Your Pension

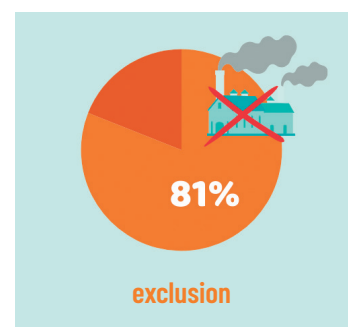
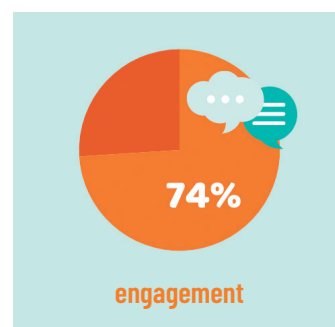
In 2022, we asked you and all other participants how important sustainability is to you and how significant you find the sustainability of our investments. Here, you will find a brief overview of the outcomes of this survey.

Important

Most participants (68%) consider it important that PCN takes sustainability into account. The majority (64%) ultimately expect to receive a better pension if PCN invests in sustainable companies and countries. If companies do not yet meet sustainability goals, they (74%) want engagement with these companies, discussing the matter.

Themes

In addition, participants believe that PCN should not invest in companies that do not comply with the law (81%). This concerns human rights, labor rights, the environment, and anti-corruption. Participants selected three themes that they consider most important. These themes are good governance, good health & well-being, and affordable and sustainable energy.



Sustainable Investing

PCN is committed to socially responsible investing. In this overview, you'll see what PCN is doing to make its investments more sustainable. You'll also get a glimpse into our future plans as we aim to further expand the sustainability of our investments. Want to learn more about our responsible investing policy? Check out our website.

This is what ESG means

Sustainable investing is also called ESG investing. The letters ESG stand for Environment, Social, and Governance. These are the three areas where you can determine if a company is sustainable.



Environment
How does the company, for example, handle energy and the environment?

Social
How does the company, for example, treat its personnel?

Governance
How is the company governed?

How do we invest sustainably?

Our policy for sustainable investing consists of several components.



We comply with laws and regulations.



We exclude companies and countries based on minimum standards and values regarding human rights, labor standards, environment, and anti-corruption.



We integrate ESG (Environmental, Social, and Governance) factors into our investment process. Our asset managers incorporate ESG information when constructing the portfolio.



We monitor our asset managers with ESG reports to ensure everything is going well.



Our asset managers engage in voting and dialogue with companies. This way, they exert influence on the sustainability of our investments

Timeline

This is how PCN's sustainable investment policy evolved over the years.



Principles

Principles of the Global Compact

- All companies in the investment portfolio are screened based on the principles of the Global Compact.
- The Global Compact is an initiative of the United Nations and consists of 10 universal principles based on various internationally recognized treaties, such as the Universal Declaration of Human Rights and the UN Convention against Corruption.



Principles for Responsible Investment

- All investments are managed by managers who have signed the PRI (Principles for Responsible Investment) principles.
- This means that asset managers have committed to incorporating environmental, social, and governance aspects into their investment decisions and reporting on them.



Themes



Good Governance

International:

- Engaging in discussions with companies that do not yet comply with the principles of the Global Compact.
- Paying attention to socially responsible investing by continuously assessing areas for improvement.

Local:

- Continuing to steer and measure results.



Affordable and Sustainable Energy

International:

- In the climate sector, the CO2 emissions have decreased due to the purchase of a new equity fund.

Local:

- Providing a loan to supermarkets for installing solar panels in Bonaire.



Good Health and Well-being

Local:

- Loan for the expansion of a medical center in Saba.
- Loan for nature conservation in Bonaire.
- Investment for the renovation, preserving historical value for economic and social community goals in Sint Eustatius.

Activities 2024 - 2025



Further expanding the local portfolio in a way that benefits people, the environment, and society, stimulating the economy in Bonaire, Sint Eustatius, and Saba.



Exploring ways to strengthen the focus within the portfolio on the key themes chosen by our participants: good governance, affordable and sustainable energy, good health and well-being.



Regular dialogue with stakeholders.



Investigating additional opportunities for CO2 reduction in the portfolio.

New investment rules PCN

PCN used the results of the participant survey to further develop its responsible investment policy. We also specified our rules and goals regarding sustainability for our investments. Through reports, we closely monitor whether our investments comply with these standards.

Focal Points

PCN focuses on three themes, chosen by our participants:

1. Good governance;
2. Affordable and sustainable energy;
3. Good health and well-being.

In the past year, we assessed how PCN can further contribute to these themes, and we will continue to do so in the coming years.

Exclusions

An important rule is that we do not invest in the following companies or countries:

1. If they grossly violate the principles of the UN Global Compact;
2. If they are involved in the production of cluster munitions;
3. Or if it concerns countries that do not adhere to international treaties.

Ideally, we also avoid investments that go against our three focal points. Some investment funds also exclude based on other rules, such as the production of tobacco, fossil fuels, or controversial and civilian weapons.



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This is how we exert influence

This is how we Ensure that Investments Meet Our Sustainability Criteria:

1. We do not invest in companies or countries that do not comply with our rules. This is the exclusion of investments.
2. We invest specifically or only in companies or countries that meet our rules. This is the inclusion policy.
3. Asset managers engage in discussions with companies that do not yet comply with the principles of the UN Global Compact. They are given the opportunity to adjust their production processes or behavior. The asset manager of our equity portfolio can also cast a vote at shareholder meetings.
4. Through our local investments, we can also exert influence.

IN PRACTICE

Making International Equity Funds More Sustainable

PCN took concrete steps to make its equity investments more sustainable. We exchanged four regional equity funds managed by BlackRock for a new equity fund, the Developed World ESG screened index fund. This fund excludes investments that do not comply with PCN's rules, such as controversial and civilian weapons, fossil fuels, violations of the UN Global Compact, and the tobacco industry. Additionally, this fund also invests more in companies with lower carbon emissions. This makes PCN's international investments more sustainable, aligning with the chosen themes.

Voting at Shareholder Meetings or Engaging in Dialogue

PCN invests through asset managers, and through them, we exert influence on the sustainability of our investments. Asset

managers achieve this by casting votes at shareholder meetings or engaging in dialogue. We assess whether these actions align with the themes that PCN considers important. Currently, we regularly verify that this remains the case.

Local Investments

Also in our local investments, we focus on the three key themes. However, there is room for improvement, and we aim to:

1. Good governance theme: Enhance our ability to steer and measure results.

We are already making positive contributions with several existing projects.

2. Good health and well-being theme:
 - a. PCN will provide a loan for the expansion of a medical center on Saba.
 - b. PCN will provide a loan to a company contributing to nature conservation in Bonaire.
 - c. PCN invests in the renovation of a

If you would like to know more about socially responsible investing and your pension, visit the completely renewed website pages on this topic. Scan the QR code with your mobile phone or tablet and take a look right away.



- monumental building with historical value for economic and social purposes in Sint Eustatius.
3. Affordable and sustainable energy theme: PCN granted a solar energy lease to supermarkets in Bonaire, installing 700 solar panels.